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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS,  
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## SECOND SESSION OF AMERICAN INSTITUTE OF COOPERATION

Announcement is made of the general program for the second annual session of the American Institute of Cooperation, to be held at the University of Minnesota, June 21 to July 17, 1926. The first week of the session will be given over to a consideration of organization and market analysis problems, with special stress upon the cooperative marketing of livestock and wool. Production programs for cooperatives, with the purpose of considering efficiency in production, will be given attention the second week. Special stress will be laid upon the cooperative marketing of milk, butter, cheese, and other dairy products. In the third week the discussions will center about membership, educational and publicity problems, with horticultural and poultry products as the commodities to receive attention. Financing and the extension of credit will be the topics for the final week of the institute, with the commodity emphasis upon grain and cotton.

Twelve special courses with academic credit have been planned by the Institute and the University of Minnesota. The titles of some of these are: Price Analysis and Policies; Cooperative Marketing Organization; Cooperative Administration; Membership Control Problems; Economic and Legal Foundations of Cooperation; History and Progress of Cooperation; Sales Promotion; Cooperative Accounting; Cooperative Marketing of Livestock, Dairy Products, and Grain.

Classes will be held daily for one hour each and credit for each course will be given by the University of Minnesota to the extent of two hours for four weeks' work and three hours for six weeks' work.

It is planned that the special courses shall occupy the first two hours of each day, to be followed by a general session of the Institute continuing until noon, and a special group meeting in the afternoon.

Nearly 100 nationally known experts connected with as many successful cooperative enterprises have announced their intention of attending the Institute and contributing to the program.

Among the special conferences being arranged are some for attorneys of cooperative associations and for representatives of communities interested in cooperative marketing of eggs and poultry. The detailed program will be ready for distribution in a few weeks.

The first session of the Institute was held at the University of Pennsylvania in the summer of 1925. It was attended by 364 persons from 33 states, 4 Canadian provinces, and from Japan, Russia, and Denmark.

ASSOCIATIONS REPORTED OUT OF BUSINESS

Figures which roughly indicate rates at which farmers' cooperative associations have gone out of business, have been compiled by the United States Department of Agriculture. A total of 11,920 reports were available for this study. Of this number, 10,803 reports were from associations active at the present time and 1,117 were for associations which had gone out of business prior to December 31, 1925.

Percentages have been worked out for those groups for which enough reports are available to be considered fair samples. While it is believed that those percentages will hold good for the past, probably they will not be true for the future, for fewer associations are being launched where there is no need of them and the associations already in existence are assured a longer life as management is becoming more efficient because of a better understanding of cooperative principles on the part of farmers. Already in those sections where farmers have had considerable experience with cooperative enterprises the death rate is low. The chances are that ten years from now it will be even lower.

Reports from 1,376 associations formed for the purpose of collective buying for farmers, including farmers' cooperative stores, indicate that 14 per cent had gone out of business prior to 1926. In the case of fruit and vegetable associations the rate is 13 per cent. Associations engaged in marketing miscellaneous products have a rate of 12 per cent; those marketing dairy products, 10 per cent; grain, 8 per cent; and livestock, 4 per cent.

The low percentage for livestock is undoubtedly due to the fact that the shipping of livestock is such an informal matter and requires so little in the way of an organization and capital that many of the efforts along this line have not been reported. Furthermore, the cooperative shipping of livestock is such a simple matter that the technique of this form of marketing is easily mastered.

Rates have been determined for the nine geographic divisions and for a few of the states with large numbers of cooperatives. The rate for the United States as a whole is nine associations out of business for each 100 (9 per cent) for which reports have been obtained. The rate for the North Central States is 7 per cent; for the Middle Atlantic and Pacific States, 11 per cent; the South Atlantic States, 14 per cent; East and West South Central States, 15 and 16 per cent respectively; the New England States, 18 per cent; and the Mountain States, 23 per cent. It is significant that the lowest rate is in the group of states where the largest number of associations are found and where the agricultural colleges have given considerable attention to improving the technique of cooperative marketing.

The rates for a few of the states in which cooperative activity has flourished are: Minnesota, 8 per cent; Iowa, 6 per cent; Wisconsin, 7 per cent; Michigan, 9 per cent; Nebraska, 8 per cent; and Illinois, 6 per cent.

CALIFORNIA APPLES HANDLED COOPERATIVELY

A statement for the 1925 season from the Sebastopol Apple Growers' Union, Sebastopol, Calif., shows shipments of 98,723 boxes of apples compared with 409,519 in 1924, and 1,051,765 in 1923. Thirty-five varieties of apples were handled. As in previous years Gravesteins led in importance with 64,512 boxes, followed by Spitzenbergs with 12,551 boxes.

The company owns real estate, packing house and equipment with a depreciated value of \$172,917. It has capital stock outstanding of \$184,000, a reserve for advertising of \$10,216, and a reserve for contingencies of \$12,086. Shipments were made from three points.

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OREGON FRUIT ASSOCIATION REPORTS SATISFACTORY YEAR

March 31, 1926, marked the close of the fifth year of operation of the Producers' Cooperative Packing Company, Salem, Oreg. The annual reports of the officers show that on the whole the year's work was the most satisfactory of any of the five. Every case of fruit in the warehouse was sold. The association was able to return to the growers satisfactory prices for their fruit and to add \$12,215 to the reserve account.

The quantity of fruit handled during the year was 1,352,441 pounds, more than one-third of which was Italian prunes. Bartlett pears ranked second on the list followed by blackberries and lozanberries, with smaller quantities of gooseberries, raspberries, and several kinds of cherries. Available figures for the quantities handled the several years are as follows:

1921 .....	4,021,015 pounds
1922 .....	2,702,315 "
1924 .....	1,360,404 "
1925 .....	1,352,441 "

Improvements were made in the plant during the year and the real estate, buildings and equipment are now valued at \$67,180. Capital stock outstanding amounts to \$72,500, with a par value of \$100 per share and a present book value of \$131.31 per share.

Sales are handled by a subsidiary organization known as the Oregon Fruit Selling Company, Inc.



### CALIFORNIA FRUIT ASSOCIATION HAS JAPANESE MEMBERS

The distinction of being the oldest local unit of the California Fruit Exchange in the San Joaquin Valley falls to the Livingston Cooperative Society, Livingston, Calif., organized in 1912. This society became indirectly affiliated with the California Fruit Exchange in 1914 and shipped 25 cars of fruit through the agency that year. Two years later it became a member of the exchange and shipped 40 cars. Last year the number of cars shipped had grown to 325, due largely to a big increase in membership. A large proportion of the members are Japanese. Practically all varieties of table and juice grapes and many varieties of tree fruits are handled by the association. It was one of the earliest districts to produce Tokay and Emperor grapes.

Two packing houses are maintained on two railroad lines, one at Livingston and one at Cressey. Some lines of fruit are packed under community labels and some under individual labels. Plans are being made to improve the pack and facilitate operations during the coming season.

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### CALIFORNIA BERRY GROWERS MARKET LOCALLY

Nine years of activity is the record of the Central California Berry Growers' Association, San Francisco, which closes its business year with December 31. The association is engaged in assisting its members to market their strawberries and raspberries. Previous to 1924 the association also handled loganberries and blackberries. Most of the fruit is sent to market in 60-pound chests, although a portion of each season's crop goes direct to canning factories and other processing plants.

Much of the fruit produced by the members is sold locally through commission houses which remit directly to the growers. Sales range from \$1,000,000 to \$1,500,000 annually.

The association gives special attention to efforts to stabilize the San Francisco and Oakland markets by preventing gluts. This is done by making deliveries to canneries and shipping to markets outside the state whenever the local supply begins to equal the demand at the prices the association tries to maintain. Local commission houses are employed as distributors for the berries, on the basis of a 10 per cent commission. They are under bond to carry out certain regulations and to make prompt and full returns to the growers. The cannery business and the shipping business are conducted entirely by the association. A cannery price is agreed upon at the beginning of the season and all sales are made through the office of the association.

BIG INCREASE IN BUTTER HANDLED BY MINNESOTA CREAMERIES

Approximately three thousand members of the Minnesota Cooperative Creameries Association, Inc., Minneapolis, attended the annual meeting, March 10 to 12. The program included the dedication of the new Land O'Lakes building erected by Minneapolis business men for the association, reports from the various departments, a business meeting, addresses by prominent men, a butter-scoring contest with awards of silver cups, a dance, and a band concert. The meeting was held in the storage room on the third floor of the new building, which proved an ideal place.

After dedication, the building was formally turned over to the officers of the association. It is among the largest in the country for the handling of dairy products, and is designed to meet the special needs of the association. It is leased on terms such that it will eventually become the property of the association.

According to the reports, the association at the close of 1925 had 445 member creameries representing 90,000 farmers. Four hundred twenty-five of these creameries are located in Minnesota, 19 in Wisconsin and one in South Dakota.

A total of 79,106,032 pounds of butter was sold during 1925. This was double the quantity handled the preceding year. Total business, as measured in dollars, amounted to \$38,839,226. This figure included sales of butter and sweet cream, and the sales made by the creamery machinery and supply department.

Deductions by the central association from returns for butter marketed, amounted to but 2.375 cents a pound. This figure, which is reported as less than the average l.c.l. freight rate from Minnesota producing points, included all the items of expense connected with the rendering of the marketing function.

Assets of the association were given as \$2,881,528; outstanding capital, \$48,211; certificates of indebtedness and accrued interest on the certificates amounted to \$367,084; undistributed 1925 income was \$141,921; surplus and reserve funds, \$166,674; making the total capital investment, \$709,647.

Among the questions acted upon by the membership was that of changing the name of the organization to Land O'Lakes Creameries, Inc., in order that the name might be more closely linked with the product marketed.

It was decided by the board of directors to discontinue the handling of eggs, inasmuch as the Minnesota Cooperative Egg and Poultry Exchange has been created to serve Minnesota egg and poultry producers as a cooperative marketing association.

This federation of creameries was formed in June, 1921, by the representatives of 300 local creamery associations. At first the furnishing of field service and carlot shipping were the main activities. Selling of butter was undertaken in January, 1924, with the output of only one creamery. As a demand has been created for larger quantities of high-score butter, more and more creameries have been called upon to deliver butter for marketing through the sales department.

SCIOTO VALLEY MILK PRODUCERS PLAN MEMBERSHIP DRIVE

Plans for increasing the membership of the Scioto Valley Cooperative Milk Producers' Association, Columbus, are being developed. Eighty members recently attended a meeting for making the necessary plans. It was decided to hold a workers' school in each of a number of counties, to furnish the canvassers with as much information as possible about the organization, and to invite every milk shipper in the Columbus territory to sign the contract.

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SAINT LOUIS MILK ASSOCIATION TAKES NEW NAME

The St. Louis Pure Milk Producers' Association is now the name of the organization of milk producers in the St. Louis district, formerly known as the Southern Illinois Milk Producers' Association. The change became effective March 15. As many of the producers live in Missouri the old name was unsatisfactory and the change was welcome. As the association has always worked for improved quality, the members selected a name which stands for purity.

It is proposed that the first activity of the new company shall be to cooperate with officials of the State of Illinois in a survey of dairy conditions in the territory, checking not only the sanitary conditions at the stations and how the testing is being done, but also how the milk is being produced on the farms.

An active membership campaign has been begun, especially in certain districts where producers are receiving lower prices than in the organized districts.

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GOOD YEAR FOR OHIO EQUITY CREAMERY

"A very successful year's business" is reported by the Farmers' Equity-Union Creamery Company, Lima, Ohio, at the end of its second year of operation. A deficit resulting from the organization expenses of the first year was made up and the second year closed with a net worth of \$127,934. During the year the creamery manufactured 1,189,862 pounds of butter, handled 29,443 gallons of ice cream, and sold 70,908 gallons of whole milk. Total sales, including those for butter, eggs, ice cream and whole milk, amounted to the sum of \$638,168. Operations of the creamery department resulted in a profit of \$28,700; an egg department started late in the year brought a profit of \$804; the milk department lost \$5,761; and the ice cream department lost \$1,860, leaving a net margin for the year of \$21,881.

This amounted to an average earning of \$19.11 for each share of capital stock, bringing the book value of each share up to \$106.72. It was announced at the annual meeting, attended by more than 1,100 people, that dividends on capital stock would be paid promptly.



SASKATCHEWAN POULTRY POOL BEGINS OPERATIONS

After 15 months of preparation, the Saskatchewan Cooperative Poultry Producers, Ltd., Regina, opened its doors for business on March 29, with 175 receiving stations in various parts of the province, and candling stations at Saskatoon, Regina, Moose Jaw, Swift Current, Humboldt, and Brandon. Deliveries were reported as heavy throughout the day. Eggs may be delivered in lots of three dozen or multiples of three dozen at the local receiving stations, from which they will be shipped in bulk to the candling stations. After being candled and graded they will be sold direct to buyers. At the end of every pool period, which may be 15 days or less, an advance payment will be made according to the prevailing sales price, and at the end of the pool year a final payment will be made. The organization starts off with a membership of over 12,500 and the sign-up campaign is still proceeding. It is expected that about 400 receiving stations will be established in the near future.

April 8 was the date for the regular monthly meeting of the board of directors, and a conference to consider poultry production work was arranged for that date, with representatives of the poultry division of the College of Agriculture in attendance.

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CANADIAN EGG ASSOCIATION IS EXPANDING

"The most successful year on record" was reported by the Prince Edward Island Cooperative Egg and Poultry Association, Charlottetown, P.E.I., at the annual meeting held March 11. The association handled 1,205,000 dozen eggs which was an increase over the previous year of 115,000 dozen. While the volume of business was greater the expenses were less and the cost per dozen for handling eggs was reduced. The year closed with a net gain of \$42,539 compared with \$36,233 the preceding year.

Good results were reported from the hatchery of the association, which shipped 30,000 baby chicks during the season. This was an increase of 66 per cent over 1924 when 18,000 were shipped, yet there was no additional cost for operation.

Exports to the United States were reduced practically one-half, from 106,940 dozen valued at \$42,964 in 1924, to 53,270, valued at \$22,130 in 1925. New trade connections were made and a reputation for quality and reliability was maintained. More orders were received than could be filled.

In cooperation with the Dominion Live Stock Branch, Ottawa, approximately 15,000 live fowls were disposed of for the members and satisfactory returns were reported. Live poultry to the amount of 75,878 pounds was exported to the United States, compared with 100,060 pounds the year before. Although there was a decrease of about 25 per cent in quantity, the value for the two years was nearly the same, being \$18,727 in 1925, and \$19,877 in 1924.

The association is desirous of increasing the membership of the local egg circles so that the egg production of the entire province may be handled on a cooperative basis.

SASKATCHEWAN'S ELEVATOR AT BUFFALO BEING ENLARGED

A 900,000-bushel storage addition to the Buffalo, N.Y. transfer elevator of the Saskatchewan Cooperative Elevator Company, Ltd., Regina, is to be erected immediately. Contracts have been let for the foundation work and it is expected that the structure will be completed early in July, in time to aid in handling a portion of the 1926 wheat crop. The first unit of the elevator at Buffalo was completed late in 1925 and has a storage capacity of 1,100,000 bushels. The new unit will include 27 circular grain tanks, 18 interspace tanks, and 20 outerspace grain tanks, as well as additional loading equipment.

The first terminal elevator erected by the Saskatchewan Cooperative Elevator Company, located at Port Arthur, was completed in January, 1918. Other buildings and additions erected at Port Arthur and Fort William give the company a storage capacity, including leased space, of 15,175,000 bushels.

At a meeting of the board of directors in February it was decided to suspend and eliminate the Field Service Department of the company as at present constituted.

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FIVE STATES TO SET UP WHEAT MARKETING AGENCY

A proposal to establish a central selling agency for the co-operative wheat marketing associations of Kansas, Oklahoma, Texas, Nebraska and Colorado, has been ratified by the several associations involved. Two trustees have been named from each state and these men are expected to meet soon and decide upon headquarters for the agency and make necessary plans for beginning in time to handle the 1926 crop. The business will be in charge of these trustees and a general sales manager, with assistants at the headquarters of each state association.

The general manager of the Kansas pool states that this has come about as a natural and inevitable development, as "For a year or more the feeling has been general among cooperative officials that competition between pools on the terminal market should be eliminated, but not until recently was it felt that the time was ripe for such a proposal." It is stated that this plan "will enable pools to take wheat from the farms direct to the millers and exporters on the most advantageous terms and at the minimum of expense."

It is proposed to call the new organization the Southwest Wheat Growers Association, and to leave the selection of headquarters for the selling agency to the board of trustees.

Estimates of the quantity of wheat which may be handled this year by the new selling agency range from 15 to 20 million bushels. The Oklahoma and Kansas pools each handled more than six million bushels last year and Texas more than two million bushels.

TRI-STATE TOBACCO ASSOCIATION PLANNING FOR FUTURE

The Tobacco Growers' Cooperative Association, of Virginia, North Carolina and South Carolina, with principal office at Raleigh, is solvent, according to a decision of a Federal Court, after a hearing lasting nearly a week. The court, however, retains jurisdiction "subject to renewal of motion or motions" of counsel.

At a meeting of the board of directors held subsequent to the rendering of the opinion the resignation of the general manager of the association was accepted and a committee of three, including the president of the association, was appointed to assume the direct management of the organization for the present. The annual election of directors is scheduled for May 18, after which, it is expected, plans for the future operation of the association will be formulated.

As 1926-27 is the fifth and last season of operation for the Tobacco Growers' Cooperative Association, under the present contract, plans are being made for the future. Several separate contracts have been drafted and four different movements started to secure signatures for membership. The first of these was in the interests of the tobacco growers of South Carolina. An effort to secure a 65 per cent sign-up in ninety days failed.

Growers of dark-fired tobacco in Virginia are working for a 75 per cent sign-up for the proposed Virginia Dark Tobacco Growers' Cooperative Association. Contracts signed prior to March were recalled and revised contracts containing clauses providing further protection for members of the proposed association were agreed upon. The outstanding change in the contract presented last fall is that the campaign shall close on July 5 instead of November 1.

Virginia growers in the sun-cured area are planning a campaign to begin May 15 with an objective of 75 per cent. It is proposed to revive the Sun-Cured Tobacco Growers of Virginia, which was the predecessor of the present functioning organization.

A drive is under way in Western and Central North Carolina, with the goal set for a 65 per cent sign-up. This effort proposes the formation of the Old Belt Tobacco Growers' Cooperative Association.

Among other things the by-laws of the association will provide (a) for an annual investigation of association affairs and books by public officials; (b) for making public annually the salaries of officers and department heads; (c) that no director except the president shall be an employee of the association; (d) that new directors shall take office prior to the making of annual contracts with employees; (e) that no director or officer shall have a financial interest in any business which makes a profit through serving the association.

Members are assured that they "need not inherit a single error, a single policy, a single employee of the old association if they do not choose to do so."

These several efforts in behalf of signatures to new contracts are not antagonistic moves but are parts of a well developed plan for receiving and preparing for market the different types of tobacco produced in the Carolina-Virginia area.



### INCREASED MEMBERSHIP FOR CALIFORNIA ALMOND EXCHANGE

In the opinion of the manager of the California Almond Growers' Exchange, San Francisco.

The heart of any cooperative is its board of directors..... The success of our organization can to a considerable degree be credited to the directors of it. They have worked together harmoniously for the common good .... It is this sort of leadership that makes for success, and so long as it is continued, this or any other association is bound to succeed, for such an organization will merit and receive the approval of the grower and of the people with whom it does business.

The exchange during the 1925-26 season marketed 4,679 tons of almonds, filling 2,089 orders from 527 cities in 47 states. Total sales amounted to \$2,203,977. Nearly three-fourths of the returns from sales were for nuts in the shell and over one-fourth were from shelled nuts.

There was a decrease in administrative expense for 1925 as compared with 1924, the cost being 2.66 per cent for 1925 and 3.42 per cent for 1924. Advertising expense was reduced from 8/10 of 1 per cent in 1924 to 4/10 of 1 per cent for 1925.

During the year there was an increase in membership from 3,411 to 3,426. Since the close of the business year a patronage refund of one-half cent a pound has been made on all nuts of the 1925 crop received from members. About 2,400,000 pounds of nuts in the shell were cracked at the Sacramento plant.

Figures indicating the growth of the exchange which has completed sixteen years of service to its member-growers are given in the following table compiled from data furnished by the association:

Year :	:	:	:	:
ending :	Number of :	Nuts :	Per cent :	
Feb. 23 :	members :	handled :	California :	Gross
:	:	:	crop handled:	sales
:	:	:	by Exchange:	
:	:	(Pounds) :	:	:
1915-16 :	----- :	----- :	-- :	-----
1916-17 :	1,240 :	----- :	-- :	-----
1917-18 :	1,723 :	5,272,325 :	66 :	-----
1918-19 :	2,309 :	5,738,703 :	56 :	\$1,295,076
1919-20 :	3,201 :	10,744,526 :	69 :	2,696,920
1920-21 :	3,679 :	8,851,339 :	30 :	1,466,477
1921-22 :	2,467 :	8,731,104 :	79 :	1,964,138
1922-23 :	2,998 :	11,485,135 :	67 :	2,081,680
1923-24 :	3,359 :	13,896,405 :	68 :	1,835,732
1924-25 :	3,411 :	10,228,227 :	68 :	2,118,343
1925-26 :	3,426 :	9,358,000 :	72 :	2,203,977



NEW TYPE OF COOPERATIVE DEVELOPED IN NEW YORK STATE

New York State sheep men and others have organized a cooperative to make suits and overcoats of virgin wool cloth for farmers and others. Cooperative Truth-in-Fabric Service, Inc., Ithaca, N. Y., just organized takes over a business which the Cooperative C. L. F. Exchange, Inc., Ithaca, N. Y., has been developing during the last year and a half.

The new organization starts with an authorized capitalization of \$10,000 divided into \$5 shares. Members will be limited to two shares each. Dividends on capital stock may be paid out on earnings at a rate not exceeding 6 per cent. Other net earnings are to be distributed on a patronage basis with twice as large dividends to shareholders as to non-shareholders. Shareholders will have but one vote each.

A board of directors, composed largely of farmers, has been elected. It is proposed that representatives of the new organization attend meetings of farmers during the coming season to interest them in the new enterprise, show them samples of "truth-in-fabric" goods and take their measures. Once the measurements have been recorded in the office of the association, business will be handled largely by means of correspondence.

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NEW YORK PURCHASING COOPERATIVE REPORTS INCREASED BUSINESS

In taking inventory of the accomplishments of the Cooperative Grange-League Federation Exchange, Inc., Ithaca, N. Y., the manager in the March issue of the C. L. F. Shareholder says:

For five years now we have been getting ready to buy cooperatively. First, we had to raise a good round sum of money. Second, we had to buy or lease plants in order to control quality. Third, we had to get together an organization, hire some men and train others. Finally, we had to work up a volume of business and get some experience in handling it. On December 31, 1925, all these things were behind us. The original capital raised was intact. We had plants, trained employees, and a purchasing power which never before had been available to farmers in buying farm supplies.

The value of the thorough preparation for the work in hand is beginning to be apparent. Purchases of dairy feed through the organization are reported as 45 per cent greater during January and February, 1926, than for the same period in 1925. The increase in purchases of poultry feed showed a gain of 107 per cent for 1926 as compared with 1925.

Plans are being made to pay a dividend of 6 per cent on capital stock, after the close of the business year June 30.

PATRONAGE REFUNDS FOR OHIO COOPERATORS

Sales of grain, seed and coal by the Ohio Farm Bureau Service Company amounted to over \$1,000,000 for 1925. The gross margin for handling these three commodities was \$21,300. In addition to direct purchases and sales, large quantities of fertilizer, feed, twine and salt were handled on commissions. The revenues from these sources were: fertilizer, \$157,391; feed, \$68,348; twine, \$3,376; and miscellaneous, including salt, \$841. The expenses for the year totaled \$103,380 and the net margin on the years' operations was \$149,363. Patronage refunds were made to those purchasing fertilizer and feeds in the amounts of \$116,982 and \$32,653 respectively. A dividend of \$750 was paid on outstanding capital stock, all of which is held by the Ohio Farm Bureau Federation.

On December 31 the operating capital consisted of \$25,000 of outstanding capital stock, \$83,000 of reserve for expenses and patronage refunds, and \$26,900 of operating margin. (For report for 1924 see Agricultural Cooperation for February 2, 1925, p. 59.)

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WENATCHEE CREDIT CORPORATION SERVES ITS MEMBERS

In its first year of operation, ending March 16, 1926, the Wenatchee District Agricultural Credit Corporation made loans to its members to the extent of \$349,885, upon the security of crop mortgages, at an interest rate of six and one-half per cent. Sixty-six loans were made, ranging from \$30,333 to \$125. The length of time of these loans varied from 2 months and 27 days to 7 months and 13 days, with an average of 4 months and 14 days. The last loan from the Intermediate Credit Bank was closed out and paid February 10.

Capital stock is of two classes, common and preferred. The common stock of \$30,000 was all subscribed by the Wenatchee District Cooperative Association and was supplied from the cash reserves. The preferred stock is owned by local associations and individuals, 132 in all. This stock bears 8 per cent interest. All stock has voting power. In July, 1925, the authorized capital stock was increased from \$59,000 to \$100,000, all the increase being in the preferred stock.

The financial statement shows an item of undivided profits amounting to \$7,056. For the present season the interest rate to borrowers will be 6 per cent.

OHIO COURT HOLDS ASSOCIATION NOT WITHIN ANTITRUST ACT

On March 16, 1926, the Supreme Court of Ohio decided the case of List v. Burley Tobacco Growers' Cooperative Association in favor of the association. The association brought suit against List for the recovery of liquidated damages growing out of a breach of its marketing agreement. The association won in the lower court and the defendant appealed. The defendant contended that the association was organized and operated for the purpose of keeping "the price of such tobacco at a fixed and graduated figure so as to preclude free and unrestricted competition among themselves and the purchasers and consumers of tobacco" contrary to the antitrust act of Ohio, known as the Valentine Act. After rather exhaustive examination of the decisions of the Supreme Court of the United States under the Federal antitrust laws, and of the decisions of the Supreme Court of Ohio under the antitrust act of that state, the court stated that only unreasonable restraints of trade were prohibited under any of said acts and that the facts of the case did not show that trade had been unreasonably restrained by the association. In this connection the court said:

The transactions which are forbidden include agreements to restrict production for the sole purpose of enhancing price, stifling competition, or creating a "corner," fixing prices at a definite standard, and combining in a manner that has a necessary tendency to oppress competitors or the public. On the other hand, it is recognized that competition may be reasonable or unreasonable. It may promote sound and sane relations between supply and demand, or it may ruinously place producers at the mercy of consumers and middlemen. Combinations formed to prevent disastrous competition have never been condemned unless unlawful means were employed.

The court further said with respect to the instant case:

The testimony does not show that any unfair methods were employed in the marketing of tobacco, or that the methods which were in fact employed .... were calculated to injuriously affect trade and commerce, or to increase the cost of the finished product to the consumer. There has been no effort to crush or oppress other producers of tobacco; nor does the evidence tend to show any agreement to limit or reduce production. It is true that the association carried on certain

educational work, and freely advised its members as to marketing conditions and the supply and demand in the tobacco industry; and even advised the growers to grow less tobacco and employ their lands in raising alfalfa and other forage producing and soil-building crops. Such efforts on the part of the association differed in no wise from the efforts of the Federal Department of Agriculture, but on the contrary coincide perfectly with the effects of the Federal Secretary of Agriculture in all agricultural lines.

It was also contended that the cooperative acts of Ohio placed agricultural interests in a special class contrary to the constitution of that state. In this connection the case of *Connolly v. Union Sewer Pipe Company*, 184 U. S. 540, was urged upon the court as showing that said cooperative acts were unconstitutional. The court refused to adopt this view and stated that there was a good basis for distinguishing between agriculture and mercantile and manufacturing industries. In this connection it said:

In determining whether cooperative associations organized for the purpose of marketing agricultural products are such a favored class as to be within the inhibitions of the 14th amendment, we must look to the fact that persons engaged in agriculture are widely scattered and compose so numerous a class that it is a physical and economic impossibility to combine them all in any commercial enterprise, and we should further look to the fact that many of them are very small producers of such limited means that they must market their products immediately after harvesting and are therefore at the mercy of purchasers, without any voice whatever in making prices or terms. It must be recognized on the other hand that merchants and manufacturers dealing in any single line of agricultural products are comparatively few and congregated in definite localities. While this is not true of all agricultural production, it is certainly true of the tobacco industry. Such different situations and conditions were evidently considered by the legislature of the different states and by Congress, whose duty and province it is to consider the economic problems involved. Such legislative acts should not be held to be invalid and unconstitutional, unless clearly violative of the constitutional inhibition.

L. S. Hulbert.



STAPLE COTTON ASSOCIATION CATERERS TO BUYER DEMANDS

The development of grades for commodities marketed by cooperatives is extremely important. This is especially so in the case of products which become the raw materials for manufacturing operations as is the case with cotton, wool, and many other agricultural products. The manufacturer usually needs a particular grade of raw material that he may most advantageously produce the finished goods demanded by his customers. Rarely is he interested in making "crop lot" purchases, which may contain only a small portion of the grades he desires, and much that he cannot use economically. Purchasing such lots would only mean that he would have to set up a selling service to dispose of the unsatisfactory portions. Rather than do this, he prefers to purchase the desired grade from those who specialize in assembling and grading the products. In the past, this has been the private middleman. However, cooperative marketing associations are ideally fitted to furnish such a service. It is quite probable that the satisfactory performance of this type of service by farmers' cooperatives will prove to be one of the most potent factors in reducing the cost of marketing.

The spinner of cotton desires to purchase raw material in "even running lots," that is, all of the same grade, staple, and character. From the point of mill operation alone, it is important that the cotton he uses shall be as nearly uniform as it is possible to secure. The use of uniform cotton tends to decrease his operating costs and improve the quality of the finished goods which he delivers to his customers. Hence the spinner can afford to, and often does, pay more for selected cotton than he could possibly pay for "crop lot" cotton.

Cooperative cotton associations, controlling as they do, large blocks of cotton, are in an advantageous position to provide this service of selection and thus secure for their member-growers a somewhat higher price. The Staple Cotton Cooperative Association, Greenwood, Miss., has made excellent progress in developing such a service. By a method of "in-classing" as the product is received from the grower and a system of "out-classing" at the time of sale, the product is marketed so as to give the grower credit for the quality of product produced and to give the buyer that which will best meet his requirements. If properly done, "out-classing" assures the buyer that the entire purchase, regardless of the date of shipment, or the number of separate shipments, will be as nearly uniform as careful work can make it.

Under the association's method of classing, all the cotton to be included in each order is selected and classed at one time, marked on the record of cotton available for sale, and tagged as the property of the purchaser. Usually each sale is classed by a single classer, so that the tendency to variations in judgment between different classers is reduced to a minimum.

A. V. Swarthout.

COOPERATION IS THIRTY YEARS OLD IN THE PUNJAB

Nearly thirty years have elapsed since the cooperative movement was first started in the Punjab, India. Now there are in the province 110 central societies with an aggregate capital of about \$12,000,000, and 12,377 primary societies whose transactions amount to an even larger sum. Furthermore, it is expected that about 2,000 more primary societies will be added to the number each year until the number reaches 25,000 or 30,000. Fifteen hundred societies were formed during the 1923-24 year.

A consular report, dated Karachi, March 3, 1926, states that the Punjab Provincial Conference was held at Lahore late in February, with the Minister of Agriculture of the province as presiding officer. The meeting was opened by the Governor of the Punjab, who in his address recalled the founding of a society in 1898, still in existence, and another about 1900, also the founding of two central banks in 1909 and 1910. Credit societies are the most popular. A beginning has now been made in the realm of cooperative marketing and of cooperative purchasing of agricultural implements and household supplies, and in a number of other lines, including a scheme for the consolidation of holdings.

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INDIA HAS CHIEFLY CREDIT SOCIETIES

A report from the American Consulate at Calcutta, India, dated March 4, 1926, states that the number of cooperative societies in the Province of Bengal increased from 9,342 to 11,081 in the year ending June 30, 1925. In the same period the working capital increased from 50,766,200 rupees to 61,838,550 rupees. (Par value of the rupee is 32.4 cents.)

It is stated that the cooperative movement has proved a great blessing to the cultivators of Bengal. In the past five years it has spread even to remote villages. Its primary object is to furnish credit at low interest rates to the poverty-stricken peasants. Of the total number of societies, 9,835, nearly 90 per cent, are credit societies. They have a membership of 246,043 and a working capital of 21,381,661 rupees.

Two other types of societies mentioned in the report are irrigation societies, of which there are now 268 with a membership of 10,368, and milk cooperative societies, which number 63 with a membership of 2,909. The milk societies are said to be under the supervision of the Milk Union of Calcutta which distributes the milk collected from these societies and also lends them money. It is expected that in the near future the Milk Union will adopt the system of delivering milk in sealed bottles.

ITEMS OF NEWS REPORTED BY THE ASSOCIATIONS

A Department of Economics, is a new feature of Washcoegg, the official organ of the Washington Cooperative Egg and Poultry Association, Seattle, Wash.

New members are coming into the Nebraska Wheat Growers' Association, Hastings, at the rate of 50 a week, and the Kansas association reports more than 200 new members within a month.

Wisconsin cheese producers recently celebrated the opening of the twelfth branch warehouse for handling cheese to be marketed by the Wisconsin Cheese Producers' Federation. The new structure has storage space for 30 to 35 car loads of cheese. It is located at Greenwood, Wis.

On March 22, 1926, judgment was entered in the superior court, Yolo County, Calif., in favor of the California Almond Growers' Exchange against C. B. Lines for \$1,015 as liquidated damages, \$100 as attorney fees, and \$11.50 as costs, for the non-delivery of the 1924 almond crop.

Wool growers of Iowa are planning to organize locally for the purpose of marketing their wool. The Iowa Fleece Wool Growers, the state association, and the Extension Service of the State College will assist the growers of each county to organize and pool their wool. Under the present plans the wool may be sold locally to the highest bidder, or shipped through the state association.

Three hundred fifty people attended the annual meeting of the Illinois Cooperative Equity Exchange Company, Effingham, Ill., on April 5. This is a new organization being formed to handle eggs and poultry. The meeting was held in the new building which is being erected at a cost of about \$9,000. A board of directors was elected and it is expected that the organization will soon be ready to handle eggs.

During the first three months of 1926 the Northern Wisconsin Cooperative Tobacco Pool, Madison, advanced to growers on their 1925 tobacco over \$835,000. On March 19 a sale was made of 1925 southern sorting tobacco, subject to a maximum delivery under the contract of 3,000,000 pounds, which it is believed will cover all of that grade. The sale price was 13 cents per pound in the bundle.

A record shipment of livestock was made on March 20 by the Java Equity Exchange Shipping Association, Java, South Dakota. The shipment consisted of 137 head of cattle and three car loads of hogs. Prices recieved for the cattle were \$13,125, and for the hogs, \$4,399. Most of the cattle and practically all of the hogs were raised on the farms from which they were shipped, and all of the rough feed and most of the corn fed to these animals was raised on the same farms.



WASHINGTON COOPERATIVE ADVERTISING WITH MOTION PICTURE

America's Ideal Poultryland, is the title of an educational motion picture film produced by the Washington Cooperative Egg and Poultry Association, Seattle, which is now being exhibited in Seattle and other cities of the State. The film tells the story of the poultry industry in Western Washington.

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PLAN FOR FEDERATING WISCONSIN FOREIGN CHEESE FACTORIES

Marketing Wisconsin Foreign Cheese by Federation, is the title of a new bulletin issued by the Wisconsin Agricultural Experiment Station, Madison, Wis. Henry H. Bakken, marketing specialist, is the author. The history of the foreign cheese industry of Wisconsin is outlined and the present conditions described, then a plan is presented for a federation to handle the marketing processes.

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BOOKLET DESCRIBES SOUTH DAKOTA WHEAT ASSOCIATION

An attractive, illustrated booklet of 31 pages was issued on March 1, by the South Dakota Wheat Growers' Association, Aberdeen. The booklet describes the organization, operation, financing, and management of the association, with notes on the personnel of the management. What has been achieved in the brief history of the organization is also told, as well as what the wheat pools of other states and countries have done. The author is Robert L. Mackin, director of publicity of the association.

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OUTLINE ISSUED OF LEADERSHIP TRAINING COURSE

An outline has been issued, in mimeographed form, of the lessons given by Dr. B. W. Kilgore, president of the American Cotton Growers' Exchange, in the Leadership Training Course, on cooperative marketing, held at Phoenix and Mesa, Arizona, January 25 to February 6, 1926. The outline covers 34 pages. The subjects of the various lessons were as follows: History of cooperative marketing; The organization of cooperatives; Education in cooperative marketing; Reference material on cooperative marketing; Financing problems; Production and commercial problems; Legislation and leadership. As Dr. Kilgore was ill and unable to be present at the last session, other speakers were substituted. The appendix contains the material actually presented at the meeting, in addition to Dr. Kilgore's outline. The foreword is by the Arizona State Director of Vocational Education. The outline was issued by the State Department of Vocational Education, 2110 Capitol Building, Phoenix, Ariz.



SELECTED LIST OF PUBLICATIONS AND ARTICLES

Angell, George N. See What These Dairy Farmers Have Done. In Oregon Farmer. Portland. March 18, 1926. p. 3.

Barrett, Charles S. Farmers' Educational and Cooperative Union First Saw Light of Day in 1902. In National Farm News, Washington. April 3, 1926, p. 1.

Boyle, J. E. Marketing of Agricultural Products. New York. McGraw-Hill Book Company, Inc. 1925. 479 pp.

Part I is given to principles of marketing and Part II discusses programs.

Dexter, Grant. Wheat--and the Battle of Giants: Titanic Struggle Between Pools and Grain Trade is Raging in Western Canada. In Wheat Growers' Journal. Wichita. March 30, 1925, p. 7.

Downie, Ernest R. Central Sales Agency Being Formed: Kansas, Oklahoma, Texas, Colorado, and Nebraska May Sell Wheat Together. In Wheat Growers' Journal. Wichita. March 30, 1926, p. 2.

Dozier, Thomas R. Cooperation. In The Blue Anchor. Sacramento. April, 1926, p. 6 ff.

Is the Manager Bribed? Farmers and Managers Discuss Cooperative Shipping. In Hallace's Farmer. Des Moines. April 2, 1926, p. 520.

Kelly, Elizabeth. How Greed, Indifference and Ignorance Caused the Failure of Sign-Up Campaign in S. C. Belt. In Tri-State Tobacco Grower. Raleigh. April, 1926, p. 6.

Kingery, Donald. Wool-Pool Arithmetic. In The Farm Journal. Philadelphia. April, 1926, p. 42.

Melton, Leroy. Producers and Consumers Numbered Among Members of Farmers' Equity Union. In National Farm News. Washington. April 3, 1926, p. 1.

Norton, L. J., and Leland Spencer. A Preliminary Survey of Milk Marketing in New York. Ithaca. Cornell Univ., Agr. Exp. Sta. Bul. 445. 1925. 51 pp., illus.

Pages 34 to 38 are given to descriptions of several co-operative dairy enterprises.

Premature Cooperation. Editorial. In Kansas Union Farmer. Salina. April 3, 1926, p. 2.

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